

Water Board Financial Assistance



Drinking Water Reorganization Task Force
November 25, 2013
Christopher Stevens

Division of Financial Assistance

○ Loans & Grants

- Clean Water State Revolving Fund
- Small, Disadvantaged Communities (Wastewater)
- Water Recycling
- Cleanup & Abatement Account
- Wastewater Operator Certification

○ Cleanup & Bonds

- Areas of Special Biological Significance
- Clean Beaches
- Nonpoint Source Pollution
- Storm Water
- Underground Petroleum Tank Cleanup & Replacement



Approximate Annual Disbursements ~ \$650 million

Clean Water SRF Basics

- Eligible Projects
 - Publicly-owned treatment facilities (wastewater + stormwater)
 - Non-point source projects
 - Estuary projects
- Eligible Applicants
 - City/town/district/other public body under state law
 - Native American tribe or authorized Native American tribal organization with jurisdiction
 - Designated & approved management agency (Section 208 of Clean Water Act)
 - 501(c)(3) and National Estuary Programs
- Financing Terms
 - Rate < or = ½ most recent General Obligation Bond Rate
 - Term = 20 Years, or up to 30 years for small, disadvantaged communities or regionalization
 - No funding limit
- Priority Classes
 - A – Public Health
 - B – Pollution of Impaired Water Bodies
 - C – Compliance or Water Recycling
 - D & E – Preventative Measures & Others
- > \$6.5 Billion financed since 1989
- Applications Accepted Continuously



Application Process – Two Basic Approaches

Continuous Application (CWSRF)

- Upsides
 - Can finance a project at any time; sooner application submitted, the sooner we can approve it
 - Workload is more even
- Downsides
 - Applicant drives the pace; sometimes forced to play catch-up
 - Viability of applications and efficiency of limited staff resources (“active” vs. “potential” projects)

Competitive (Batch) Solicitation (Bond Grants)

- Upsides
 - Deadlines drive complete applications
- Downsides
 - Projects may lose momentum after grant award
 - Intense workload peaks cause inefficiencies in processing and may slow down pace of financing

Clean Water SRF Public Processes

- Stakeholder Advisory Group (SAG)
 - Advise staff on *Policy* revisions, procedural changes, or program management
 - Convened as needed in person or by conference call
- *Policy Revisions (As Needed) & Intended Use Plan (At Least Annual)*
 - Publicly noticed & posted on Web for 30-day review
 - Staff revise draft and analyze/respond to public comments
 - Board meeting announced at least 10 days in advance
 - Public testimony at Board meetings
 - Board may change and adopt
 - Final posted on Web site
- *Annual Report*
 - Due 120 days after year-end
 - Sent to US EPA
 - Board information item
 - Posted on Web
- US EPA *Performance Evaluation Report*
 - Annual review by US EPA
 - Posted on Web
- Bond Ratings and Periodic Disclosures

Clean Water SRF Small, Disadvantaged Community (SDAC) Funding (1/3)

- *Small Community Wastewater Strategy*
 - Stakeholder group
 - Meets 1X per year
 - Financial Assistance
 - Principal Forgiveness + Small Community Grant Fund + State Bond Funds + Reduced Interest Rate + Extended Term Financing
 - Allow construction contingencies
 - 10-year planning or design financing
 - Disbursements within 30 days
 - Refinance existing WW debts to make project affordable

SMALL COMMUNITY WASTEWATER STRATEGY

The [Small Community Wastewater Strategy](#) (Strategy) is reference assist small and/or disadvantaged communities with wastewater n

- [Annual Updates](#)
- [Announcements](#)
- [Free Wastewater Training Materials](#)
- [Related Funding Programs](#)
- [Receive Program Updates](#)
- [Contacts/Questions or Comments](#)

Annual Updates

Staff provides annual updates to the State Water Resources Contr wastewater needs. Information discussed during the previous upd

Fifth Annual Update, October 22, 2013, State Water Board meeting

Fourth Annual Update, December 4, 2012, State Water Board meet

Third Annual Update, December 5, 2011, State Water Board meetin

Second Annual Update, August 3, 2010, State Water Board meetin

First Annual Update, July 7, 2009. State Water Board meeting: [Info](#)

Announcements

January 2013: List of Potentially Eligible Small Disadvant.
Based on feedback from the Regional Water Quality Control Board inquiries, the Division of Financial Assistance (DFA) has compiled used to help quantify statewide need, and it will continue to be up SDAC wastewater projects that should be added to this list.

December 2011: On November 17, 2011, the State Water board e wastewater-related technical assistance to SDACs statewide. DFA household income (MHI) of 80 percent or less of the statewide MHI

Clean Water SRF Small, Disadvantaged Community (SDAC) Funding (2/3)

- *Small Community Wastewater Strategy (cont'd)*
 - Technical Assistance
 - Audit/troubleshoot permit violations/operational efficiency
 - Identify low-cost, sustainable solutions
 - Planning, budgeting, rate setting, and Proposition 218
 - Community outreach, awareness, and education
 - Prepare financial assistance applications
 - Regulation/Enforcement
 - Provisional operator/Class 1 exemptions
 - Permit streamlining
 - Annual Board updates – opportunity for public comment
- Dedicated SDAC Funding Unit
 - 5 PYs

Clean Water SRF Small, Disadvantaged Community (SDAC) Funding (3/3)

- Approximately 24% of CWSRF financing has gone to SDACs (Category 1) as Principal Forgiveness or Extended Term Financing over the last 4 years.

	FFY 2010	FFY 2011	FFY 2012	FFY 2013	Totals
Principal Forgiveness (PF) - Federal Capitalization Grants					
Category 1	\$42,648,763	\$19,572,892	\$5,055,894	\$4,047,976	\$71,325,525
Category 2	\$30,099,176	\$13,048,594	\$3,370,596	\$2,698,651	\$49,217,017
Small Community Grant (SCG) Fund – Assembly Bill 2356					
Only for Category 1	\$1,000,000	\$1,000,000	\$12,000,000	\$8,000,000	\$22,000,000
TOTAL (PF + SCG)	\$73,747,939	\$33,621,486	\$20,426,490	\$14,746,627	\$142,542,542
UNCOMMITTED (PF + SCG)	\$0	\$0	\$284,042	\$11,573,901	\$11,857,943
EXTENDED TERM FINANCING	\$170,500,000	\$105,000,000	\$95,000,000	\$19,000,000	\$389,500,000

Category 1 (SDAC) = Pop. <20,000, median household Income (MHI) <80% of Statewide MHI, wastewater rates >1.5% of community MHI

Category 2 = SDAC with wastewater rates <1.5% of community MHI, larger DACs (Pop. > 20,000), disadvantaged areas of larger communities (pro rata PF)

DWSRF/CWSRF Cross-Over

- Clean Water SRF – Drinking Water Projects
 - Enchanted Heights – Source Water Protection/Septic-to-Sewer
 - Cuyamuca Ranch – Source Water Protection/Land Acquisition
 - Orange Co. – Groundwater Replenishment/Wastewater Recycling
 - Woodland-Davis? – New Water Source/Chloride Reduction
 - Monterey County? – Desalinization/Carmel River Protection
- Drinking Water SRF – Wastewater Projects
 - Enchanted Heights – Source Water Protection/Septic-to-Sewer
 - Woodland-Davis? – New Water Source/Chloride Reduction

Clean Water SRF Lessons Learned

- Complete Application – Key to Successful Financing
 - Apply “Priority” to competing applications if funds limited
 - Focus on “Intended Use Plan,” not “Priority List”
 - Specialization balances loss of focus on priority class
- Environmental Review Usually Critical Path
 - “Active” Projects = complete environmental “package” received
 - Federal consultation hard to predict
 - Consult with Division during development of environmental documents
 - Identify Water Board as responsible agency for “State Clearinghouse”
 - Other reviews coordinated with environmental review
- Other
 - Marketing is essential.
 - Efficiency critical
 - Application assistance and status updates
 - Combine subsidies to reduce financing cost

Clean Water SRF Improvements (1/2)

- Bottom-up Application & Process Review 2012
 - Eliminate unnecessary, outdated, and redundant questions/requirements
 - Combine steps
 - Reorganize Application
 - 4 + 1 Packages (general, technical, environmental, financial + final budget)
 - Packages correspond to review areas
 - Self-Certifications & Templates
 - Encourage applicants to adopt verbatim; modifications increase review time
 - Expedite financing for typical/routine projects
- *CWSRF Policy Amended May 2013*
 - Streamlining/clarification/process improvements
 - Eliminate pre-application and Board approval for “Project Priority List”
 - Approval delegated to Executive Director
 - Updated quarterly
 - Change to “Project List” – avoid false sense of rank order funding

Clean Water SRF Improvements (2/2)

- 2012 Bond Refunding
 - Refund outstanding 2002 bonds: >\$10 M savings
 - Restructure core legal documents
 - Open Indenture
 - Combined Series with leverage and match liabilities
 - Placeholders for Drinking Water SRF
- Reduce resubmittal of documents – “frequent financiers”
- Online (FAAST) Applications – Preferred
 - All documents viewable in LGTS and paperless office
 - All DFA staff have access to LGTS
 - All Water Boards’ staff and public have access to paperless office
- Extended Term Financing for All Projects
 - Approved by Water Board November 19
 - Awaiting US EPA Approval

Questions

?????